

1.1 A bill for an act
 1.2 relating to transportation; providing for local match funds and technical assistance
 1.3 on federal grants; appropriating money; proposing coding for new law in Minnesota
 1.4 Statutes, chapter 174.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. **[174.125] FEDERAL FUNDS LOCAL ASSISTANCE PROGRAM.**

1.7 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
 1.8 the meaning given them.

1.9 (b) "Commissioner" means the commissioner of transportation.

1.10 (c) "Program" means the federal funds local assistance program established in this
 1.11 section.

1.12 Subd. 2. **Program established.** The commissioner must implement a federal funds local
 1.13 assistance program to provide local match aid in an application for federal discretionary or
 1.14 competitive grants.

1.15 Subd. 3. **Program administration.** (a) The commissioner must establish program
 1.16 requirements, including but not limited to: eligibility of projects; solicitation procedures;
 1.17 an application process that is designed to minimize requirements and applicant burdens and
 1.18 to align with federal application requirements; criteria to evaluate applications and select
 1.19 aid recipients, subject to subdivision 6; procedures to commit and pay financial assistance;
 1.20 and a schedule that allows for application, evaluation, and awards of aid on a biannual or
 1.21 more frequent basis.

2.1 (b) The commissioner must make reasonable efforts to publicize each solicitation among
2.2 all eligible grant recipients. The commissioner must assist applicants to create and submit
2.3 applications.

2.4 (c) The commissioner may expend up to five percent of available funds in a fiscal year
2.5 under this section on program administration.

2.6 Subd. 4. **Local match aid.** (a) From funds made available under the program, the
2.7 commissioner must provide aid to an eligible recipient as provided under subdivision 5.
2.8 The aid may be provided as direct financial assistance or as a commitment to provide a
2.9 specific amount of financial assistance contingent on an award of a federal grant to the
2.10 eligible grant recipient.

2.11 (b) Aid under the program:

2.12 (1) must provide for a match requirement under a federal discretionary or competitive
2.13 grant, in a manner that meets federal requirements;

2.14 (2) must be for a transportation-related project, program, or expenditure;

2.15 (3) may equal a portion or the entire amount necessary for the federal match requirement;
2.16 and

2.17 (4) may exceed the amount necessary for the federal match requirement, if the
2.18 commissioner determines that additional local match is:

2.19 (i) materially likely to increase the competitiveness of the federal application; and

2.20 (ii) anticipated to be generally comparable to competing applications for the federal
2.21 grant.

2.22 (c) If a federal grant award amount differs from the amount anticipated at the time of
2.23 application for aid under the program, the commissioner may adjust the aid amount provided
2.24 for the project or leave the aid amount unchanged.

2.25 Subd. 5. **Aid recipient eligibility.** The following are eligible aid recipients under the
2.26 program:

2.27 (1) a local unit of government, including but not limited to metropolitan planning
2.28 organizations;

2.29 (2) a Tribal government of a Tribe recognized by the Bureau of Indian Affairs, United
2.30 States Department of the Interior;

2.31 (3) a partnership of entities identified in clauses (1) and (2); and

3.1 (4) the commissioner on behalf of or acting as the agent of a local unit of government
3.2 or a Tribal government.

3.3 Subd. 6. **Project evaluation.** The commissioner must establish criteria to evaluate
3.4 projects for aid under the program. At a minimum, the criteria must provide for prioritization
3.5 and project selection based on:

3.6 (1) the extent to which the project provides an identifiable impact in the following:

3.7 (i) improvements to traffic safety;

3.8 (ii) improvements to pedestrian and bicyclist safety;

3.9 (iii) reduction in vehicle miles traveled;

3.10 (iv) providing for increased use of low-emission or zero-emission vehicles;

3.11 (v) reduction in greenhouse gas emissions; and

3.12 (vi) increases in equity for transportation facilities or programs in communities that are
3.13 historically or currently underrepresented in local or regional transportation planning or
3.14 projects, including indigenous communities, communities of color, low-income households,
3.15 people with disabilities, and people with limited English proficiency;

3.16 (2) anticipated competitiveness of the project for a federal grant, or the existence of a
3.17 federal grant award for the project;

3.18 (3) measurable benefits with respect to transportation system performance targets or
3.19 system plans; and

3.20 (4) alignment with the transportation system goal under section 174.01, subdivision 2,
3.21 clause (9).

3.22 Subd. 7. **Allocation categories.** (a) The commissioner must categorize projects into one
3.23 of the allocation categories under paragraph (b). For a project that is reasonably categorized
3.24 into more than one of the allocation categories, the commissioner must determine the
3.25 allocation category that reflects the predominant purpose of the project.

3.26 (b) In each fiscal year in which local match aid is provided under the program, the
3.27 commissioner must apportion the aid among the following allocation categories:

3.28 (1) 15 percent for local road and bridge projects;

3.29 (2) ten percent for transit projects outside the metropolitan area, as defined in section
3.30 473.121, subdivision 2;

3.31 (3) five percent for active transportation projects;

4.1 (4) three percent for electric vehicle infrastructure projects; and

4.2 (5) 67 percent on a flexible basis, which includes projects that are not otherwise
4.3 categorized under this paragraph and projects that are categorized under clauses (1) to (4).

4.4 (c) The commissioner may reallocate funds that remain in an allocation category under
4.5 paragraph (b) following the conclusion of aid awards in a fiscal year.

4.6 Subd. 8. **Legislative report.** (a) Annually by December 15, the commissioner must
4.7 submit a report on the program to the legislative committees with jurisdiction over
4.8 transportation policy and finance. At a minimum, the report must include:

4.9 (1) an overview of program implementation;

4.10 (2) a review of the project evaluation criteria established under subdivision 6;

4.11 (3) a fiscal review that includes a summary of aid awarded under the program, with a
4.12 breakout by allocation category under subdivision 7, and the associated federal grants;

4.13 (4) an amount that is recommended to appropriate for the program in each of the
4.14 upcoming two fiscal years, including an analysis of development of the recommended
4.15 amount and an estimated breakout of aid by transportation mode or similar categorization;
4.16 and

4.17 (5) any recommendations for legislative changes to the program.

4.18 (b) This subdivision expires June 30, 2026.

4.19 **Sec. 2. [174.127] FEDERAL GRANTS TECHNICAL ASSISTANCE.**

4.20 (a) Subject to funds made available for purposes of this section, the commissioner must
4.21 establish a process that provides for technical assistance to a requesting local unit of
4.22 government or Tribal government that seeks to evaluate or submit an application for a
4.23 federal discretionary grant for a transportation project, program, or expenditure.

4.24 (b) As necessary, the commissioner must prioritize requests for technical assistance
4.25 based on applicant capacity to effectively complete a competitive federal grant application
4.26 and history of prior federal grant applications.

4.27 (c) Technical assistance includes but is not limited to:

4.28 (1) providing support for grant writing, analysis, technical review, application finalization,
4.29 or similar activities;

4.30 (2) providing general programmatic or legal information necessary to complete an
4.31 application; and

5.1 (3) making information available on general actions to enhance the competitiveness of
5.2 federal applications.

5.3 **Sec. 3. APPROPRIATIONS; FEDERAL FUNDS ASSISTANCE.**

5.4 (a) \$38,000,000 in fiscal year 2023 is appropriated from the general fund to the
5.5 commissioner of transportation for the federal funds local assistance program under
5.6 Minnesota Statutes, section 174.125. This is a onetime appropriation and is available until
5.7 June 30, 2026.

5.8 (b) \$350,000 in fiscal year 2023 is appropriated from the general fund to the commissioner
5.9 of transportation for federal grants technical assistance under Minnesota Statutes, section
5.10 174.127. This amount is added to the annual base for the agency services budget activity.